TMC EDUCATION CORPORATION LTD.
Company Registration No.: 198102945K
(Incorporated in the Republic of Singapore)
(the "**Company**")

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TMC ACADEMY PTE. LTD.

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1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of TMC Education Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 14 December 2017, entered into a sale and purchase agreement (the "**SPA**") with Advanced Investment Holdings Pte. Ltd. (the "**Purchaser**"), Dr Chin Kon Yuen ("**Dr Chin**"), Ms Yeow Cheng Khim ("**Ms Yeow**"), Mr Lee Chin Weng ("**Mr Lee**") and the Company's wholly-owned subsidiary, TMC Academy Pte. Ltd. ("**TMC Academy**"), pursuant to which the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire, all of the issued and paid-up shares in the capital of TMC Academy (the "**Sale Shares**"), on the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").

1.2 The Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited. Please refer to Section 5 of this announcement for further details. In addition, the Proposed Disposal also constitutes an interested person transaction under Chapter 9 of the Catalist Rules for the reasons set out in Section 4 of this announcement.

1.3 Accordingly, the Company is seeking the approval of its independent shareholders for the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules as well as an interested person transaction under Chapter 9 of the Catalist Rules, at an extraordinary general meeting (the "**EGM**") to be convened. A circular setting out, *inter alia*, further details of the Proposed Disposal, together with a Notice of the EGM, (the "**Circular**") will be despatched to shareholders of the Company (the "**Shareholders**") in due course.

1.4 Upon the completion of the Proposed Disposal (the "**Completion**"), TMC Academy will cease to be a subsidiary of the Company. As TMC Academy is the operating entity for the Company's education business segment, the Company will cease to operate its education business following the Proposed Disposal. The Group will continue to hold its investment properties for rental income and capital appreciation.

2. INFORMATION RELATING TO TMC ACADEMY AND THE PURCHASER

2.1 Information on TMC Academy

TMC Academy was incorporated on 24 February 2010 in Singapore as a private company limited by shares and it has an issued and paid-up share capital of S$5,000,000 comprising 5,000,000 ordinary shares as at the date of this announcement.

TMC Academy is a wholly-owned subsidiary of the Company, which is principally engaged in the business of providing quality and value-added educational courses and services to local and international students (the "**Business**").

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("**FY2017**"), the net asset value and net tangible assets (the "**NTA**") attributable to the Sale Shares of the Proposed Disposal as at 30 June 2017 was approximately S$5.17 million.

The open market value of the Sale Shares is not available as the shares of TMC Academy are not publicly traded.

The Company has commissioned a valuation to be conducted by an independent valuer on the Sale Shares. The independent valuer has in its preliminary indicative valuation stated that the aggregate value of the Sale Shares is approximately S$5.2 million as at 30 September 2017, before taking into account the Waiver Amount (as defined below). The final valuation amount of the aggregate value of the Sale Shares is subject to the finalisation of valuation report which will be contained in the valuation report to be issued by the independent valuer prior to the despatch of the Circular.

2.2 Information on the Purchaser

The Purchaser was incorporated on 14 December 2017 in Singapore as a special purpose vehicle for the purpose of undertaking the Proposed Disposal and carrying out the Business. The shareholders of the Purchaser are CK & CO Holding Pte. Ltd. ("**CK & CO**") and Mr Lee who hold 70% and 30% of the total issued and paid-up share capital in the Purchaser, respectively.

CK & CO was incorporated on 19 September 2017 in Singapore as a private company limited by shares for the purpose of investment holding. As at the date of this announcement, CK & CO has an issued and paid-up share capital of S$2.00 comprising 2 ordinary shares and is equally owned by Dr Chin and Ms Yeow, who are the controlling Shareholders and Directors of the Company. Dr Chin is the Executive Chairman of the Company while Ms Yeow is the Executive Director and Chief Executive Officer of the Company. As at the date of this announcement, Dr Chin holds a direct interest of 75,766,600 ordinary shares in the capital of the Company (the "**Shares**") and is deemed interested in the 29,551,000 Shares held by his spouse, Ms Yeow. Ms Yeow holds a direct interest of 29,551,000 Shares and is deemed interested in the 75,766,600 Shares held by her spouse, Dr Chin. Accordingly, Dr Chin and Ms Yeow collectively hold direct and deemed interest in 105,317,600 Shares, representing 62.91% of the issued and paid-up capital of the Company as at the date of this announcement.

Mr Lee is an independent third party and the founder of TEG International College Pte. Ltd. which was established in 1991. He started his career in the education industry since 1978 and has a wealth of experience, expertise and a vast network in the industry. In 1996, he led the expansion of TEG International College Pte. Ltd. to the People's Republic of China and later to Vietnam and Myanmar. Under Mr Lee's leadership, TEG International College Pte. Ltd. saw a rapid growth as it transformed from a language school into a multi-national education organisation over the years.

Dr Chin and Ms Yeow are the controlling Shareholders and Directors of the Company and through CK & CO, collectively hold an interest of 70% in the shares of the Purchaser. Accordingly, the Purchaser is considered to be an associate of Dr Chin and Ms Yeow and an "interested person" under Chapter 9 of the Catalist Rules. The SPA entered into between the Company as the "entity at risk" and the Purchaser as an "interested person" constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

3. SALIENT TERMS OF THE SPA

3.1 Consideration

As at 30 September 2017, other than the Company Loan (as defined below), an amount of S$6,611,000 is owed by the Company to TMC Academy (the "**TMC Loan**"). It is contemplated that TMC Academy may make further advances to the Company from the date hereof up to the Completion Date (as defined below), as further elaborated herein.

The consideration for the Sale Shares (the "**Consideration**") shall be satisfied by the Purchaser in the following manner:

(i) the Purchaser shall pay an amount of S$1,000,000 (the "**Cash Consideration**") as directed by the Company to TMC Academy as partial repayment of the TMC Loan (the "**Partial TMC Loan Settlement**");

(ii) the Purchaser shall procure that TMC Academy, immediately after Completion, irrevocably and unconditionally releases and waives its right to repayment of an amount of S$4,100,000 outstanding under the TMC Loan (the "**Waiver Amount**") and discharges and releases the Company from the Waiver Amount and all liabilities, obligations and undertakings under or pursuant to, and from all claims and demands whatsoever under or in respect of the Waiver Amount; and

(iii) the Purchaser shall, and shall procure that TMC Academy shall, immediately after Completion, enter into a deed of novation with the Company in respect of the amount outstanding under the TMC Loan as at (and including) the Completion Date LESS the Cash Consideration and the Waiver Amount (the "**Balance TMC Loan**") pursuant to which (the "**TMC Loan Novation**"):

    (i) the Purchaser shall irrevocably and unconditionally accept the liabilities under or arising from the Balance TMC Loan, which comprises the balance TMC Loan of S$1,511,000 as at 30 September 2017 and all and any other amounts outstanding under the TMC Loan as at (and including) the Completion Date in place of the Company, as if the Purchaser were named therein as the original party to the Balance TMC Loan instead of the Company; and

    (ii) TMC Academy shall irrevocably and unconditionally release and discharge the Company from any and all amounts outstanding under the TMC Loan and all liabilities, obligations and undertakings under or pursuant to, and from all demands, claims whatsoever under or with respect to the TMC Loan which TMC Academy has or may have against the Company, in each case, whether arising prior to, on or subsequent to the date of the deed of novation.

The Consideration was arrived at pursuant to arm's length negotiations, on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the following factors:

(a) the TMC Loan of S$6,611,000 owed by the Company to TMC Academy as at 30 September 2017; and

(b) the preliminary independent valuation by the independent valuer on the Sale Shares.

Based on the audited investment cost of TMC Academy in the Company's book as at 30 June 2017 of $5.00 million and the Consideration of S$6.61 million, determined based on the aggregate of the Cash Consideration of S$1.00 million, the Waiver Amount of S$4.10 million and the TMC Loan Novation amounting to S$1.51 million as at 30 September 2017, the Proposed Disposal is expected to result in a gain of approximately S$1.61 million.

The Consideration of S$6.61 million, determined based on the aggregate of the Cash Consideration of S$1.00 million, the Waiver Amount of S$4.10 million and the TMC Loan Novation amounting to S$1.51 million as at 30 September 2017, represents an excess of approximately S$1.44 million over the audited net asset value of the Sale Shares as at 30 June 2017 of S$5.17 million.

After taking into consideration the Partial TMC Loan Settlement, Waiver Amount and TMC Loan Novation, there would be no net cash proceeds from the Proposed Disposal by the Company.

3.2 Salient terms of the Proposed Disposal

3.2.1 Conditions Precedent

Completion of the sale and purchase of the Sale Shares is conditional upon the following condition(s) having been fulfilled or waived in writing:

(i) approval of the Shareholders in general meeting for the Proposed Disposal;

(ii) the Company's warranties being true, correct and being complied with, in each case, in all material respects as at the Completion Date (as defined below);

(iii) the Purchaser's warranties being true, correct and being complied with, in each case, in all material respects as at the Completion Date (as defined below); and

(iv) the approval of the Singapore Land Authority in respect of either (i) the transfer and novation of the tenancy agreement (the "**Tenancy Agreement**"), entered into between the Company and the Singapore Land Authority for the building located at 250 Middle Road Singapore 188983 (the "**Premises**"), from the Company to TMC Academy or (ii) the sub-lease of the Premises, which is currently occupied by TMC Academy, to TMC Academy (the "**Sub-Lease**").

(collectively, the "**Conditions Precedent**" and each a "**Condition Precedent**").

Unless specifically waived by any party to the SPA who is entitled to waive the conditions, if any of the conditions stated in Clause 3.1 of the SPA (which includes the conditions stated in Paragraph 3.2.1 above) are not fulfilled on or before the date falling 120 days after the date of the SPA or such other date as the Company and the Purchaser may agree in writing (the "**Long Stop Date**"), the SPA (save for Clauses 12, 13, 14, and 15 of the SPA) shall *ipso facto* cease and determine, and neither party to the SPA shall have any claim against the others for costs, damages, compensation or otherwise, save for any claim by the non-defaulting party against the defaulting party arising from any antecedent breach of the terms of the SPA.

3.2.2 Completion

Subject to the Conditions Precedent being satisfied or waived, the Completion will take place on the date falling not more than ten (10) business days from the date which the Conditions Precedent have been fulfilled (other than such conditions as shall be required to be completed as at Completion) (the "**Completion Date**") or such other date as the Company and the Purchaser may agree in writing.

3.2.3 Solvency Representations and Warranties

Dr Chin and Ms Yeow jointly and severally represent and warrant to the Company and the Purchaser (the "**Solvency Statement**") that as at the date of the SPA and the Completion Date:

(i) as regards TMC Academy's situation, there is no ground on which TMC Academy could be found to be unable to pay its debts;

(ii) TMC Academy will be able to pay its debts as and when they fall due during the period of twelve (12) months immediately following (i) the date of the Solvency Statement; and (ii) the Completion Date; and

(iii) the value of TMC Academy's assets is not less than the value of its liabilities and will not become less than the value of its liabilities after Completion, the irrevocable and unconditional release and waiver of the Waiver Amount and any and all demands, claims and rights whatsoever which TMC Academy has or may have against the Company with respect to the TMC Loan (the "**TMC Loan Waiver**") and the TMC Loan Novation,

in each case, taking into account the TMC Loan Waiver and the TMC Loan Novation and all contingent and prospective liabilities of TMC Academy (including without limitation those arising from the Novation (as defined below), the Sub-Lease and the Employment Transfer (as defined below)).

Subject to Completion occurring, the Purchaser, Mr Lee, Dr Chin and Ms Yeow shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the TMC Loan, the TMC Loan Waiver and/or the TMC Loan Novation.

3.2.4 Premises

The Premises, which was leased to the Company by the Singapore Land Authority, has been occupied by TMC Academy since 2011 for the purpose of carrying out the Business.

Subject to the Singapore Land Authority's consent in respect of the Novation (as defined below) being obtained, the Company and TMC Academy shall, as soon as practicable after the date of the SPA, enter into a novation agreement to novate and transfer the Tenancy Agreement from the Company to TMC Academy (the "**Novation**"), provided that TMC Academy shall be solely liable for all the incidental costs incurred in relation to the Novation.

In the event that the aforesaid consent is not obtained, subject to the Singapore Land Authority's consent in respect of the Sub-Lease being obtained, the Company and TMC Academy shall, at Completion, enter into the Sub-Lease. In the event the Sub-Lease is entered into:

(i) the Purchaser, TMC Academy, Mr Lee, Dr Chin and Ms Yeow shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the Sub-Lease or the Tenancy Agreement (including the rental payable under the remaining tenure of the Tenancy Agreement, the reinstatement costs and incidental costs incurred in relation to the Sub-Lease and the Tenancy Agreement) or any act or omission of TMC Academy in relation to the use of the Premises, until the expiration of the Tenancy Agreement; and

(ii) the Company undertakes that it will not terminate the Tenancy Agreement prior to its expiration.

3.2.5 Employment Transfer

As soon as practicable after the date of the SPA, the Company and TMC Academy shall procure the transfer of the employment of the Company's employees (the "**Employment Transfer**") as agreed in writing between the Company and the Purchaser, to TMC Academy on terms and conditions which shall be equal to the terms and conditions of employment under the Company. The Employment Transfer shall be subject to and conditional on Completion taking place and be effective from the Completion Date.

The Purchaser undertakes to ensure that there shall be no termination or retrenchment of TMC Academy's employees within six (6) months from the Completion Date save for any termination with cause by TMC Academy in accordance with the TMC Academy's existing employment policy.

The Purchaser, TMC Academy, Mr Lee, Dr Chin and Ms Yeow shall jointly and severally covenant with the Company to fully indemnify and hold harmless the Company from and against any and all losses which the Company may sustain, incur or be required to pay at any time arising from or in relation to or as a result of the Employment Transfer.

3.2.6 UOB Loan

United Overseas Bank Limited ("**UOB**") has granted a loan to TMC Academy (the "**UOB Loan**") of an aggregate principal amount of S$5,000,000 secured by a mortgage of properties owned by the Company, a legal assignment of rental proceeds or charge over rental in respect of the properties and a corporate guarantee executed by the Company (collectively, the "**Security**"). TMC Academy has on-loaned the UOB Loan to the Company (the "**Company Loan**").

The Company undertakes to:

(i) as soon as practicable after the date of the SPA, arrange for the transfer of the UOB Loan to itself or repay the Company Loan in order for TMC Academy to repay the UOB Loan and all interest, commission, fees, costs, expenses and other moneys owing or expressed to be payable, whether contingently or otherwise, by TMC Academy under or in connection with the UOB Loan (the "**UOB Loan Interests**"). Where applicable, TMC Academy shall, on the same day of the Company's repayment of the Company Loan, repay the UOB Loan and UOB Loan Interests, and at such time when the UOB Loan is fully repaid, procure the discharge of the Security. Where the UOB Loan is transferred to the Company, the Company Loan shall be deemed discharged and the parties shall take such steps as may be necessary to discharge the security granted in respect of the Company Loan;

(ii) until the earlier of the transfer of the UOB Loan to itself or full repayment of the Company Loan, indemnify TMC Academy and hold TMC Academy fully and effectively indemnified against all or any losses which TMC Academy may sustain, incur or pay or which may be assessed, charged or made against TMC Academy arising from any failure or default on the part of TMC Academy to pay any sum payable by it or to perform and comply with its obligations under the UOB Loan provided that the Company shall not be liable for such losses attributable to part of the Company Loan repaid by the Company in accordance with Section 3.2.6(i) of this announcement; and

(iii) continue to provide the Security until the transfer of the UOB Loan to itself or full repayment of the UOB Loan in accordance with Section 3.2.6(i) of this announcement.

4. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

4.1 As set out in Section 2.2 of this announcement, the Purchaser, which is an associate of Dr Chin and Ms Yeow, is considered an "interested person", and the Proposed Disposal is considered as an "interested person transaction" for the purpose of Chapter 9 of the Catalist Rules.

4.2 Based on the Group's latest audited financial statements for FY2017, the NTA of the Group as at 30 June 2017 was approximately S$7.54 million. The Consideration represents approximately 87.6% of the Group's latest audited NTA. Accordingly, pursuant to Chapter 9 of the Catalist Rules, the Proposed Disposal constitutes an interested person transaction for which approval of the independent shareholders is required.

4.3 Save for the Proposed Disposal, there were no interested person transaction with value of S$100,000 and above entered into between the Group and (a) the Purchaser and its associates; and (b) all interested persons of the Company from the beginning of financial year ending 30 June 2018 ("**FY2018**"), being 1 July 2017 up to the date of this announcement.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the latest audited consolidated financial statements for FY2017, the relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. (S$5,173,000 / S$7,544,000)	68.6%
Rule 1006(b)	The net profits[(1)] attributable to the assets acquired or disposed of, compared with the Group's net profits. (Net profit S$325,000 / Net loss S$878,000)	(-37.0%)[(2)]
Rule 1006(c)	The aggregate value of the consideration[(3)] given or received, compared with the Company's market capitalisation[(4)] based on the total number of issued shares excluding treasury shares. (S$6,611,000 / S$6,696,000)	98.7%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

(1) "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) The Group made a net loss of S$878,000 in FY2017.

(3) The Consideration of S$6.61 million is determined based on the aggregate of the Cash Consideration, the Waiver Amount and the TMC Loan Novation amount of S$1.51 million as at 30 September 2017.

(4) "market capitalisation" of the Company is determined by multiplying the number of shares in issue of 167,397,677 by the weighted average price of the shares of S$0.04 transacted on 7 December 2017, being the last day on which the Shares were traded preceding the date of the SPA.

Since the relative figures calculated on the basis pursuant to Rule 1006(a) and Rule 1006(c) exceed 50%, the Proposed Disposal constitutes a major transaction under Chapter 10 of the Catalist Rules. Furthermore, pursuant to Practice Note 10(A) paragraph 8(a) of the Catalist Rules, the disposal of an issuer's core business (or a substantial part of its core business) will usually result in a material change to the nature of the issuer's business, and its shareholders should have an opportunity to consider the future direction of the issuer and Rule 1014 of the Catalist Rules will be applied. As the relative figures pursuant to Rule 1006(a) and Rule 1006(c) of the Catalist Rules have exceeded 50% and TMC Academy is a part of the Company's core businesses, the Company will be seeking its independent shareholders' approval for the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules at the EGM to be convened.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal. The financial effects of the Proposed Disposal set out below have been prepared based on the Group's audited consolidated financial statements for FY2017, and on the following bases and assumptions:

(i) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S$0.3 million; and

(ii) the NTA per share of the Company is computed based on the 167,397, 677 Shares in issue as at 30 June 2017, and the Earnings per Share ("**EPS**") of the Company is computed based on the weighted average number of 167,397,677 Shares in issue as at 30 June 2017.

(a) Share Capital

The Proposed Disposal will not have any effect on the issued and paid up share capital of the Company.

(b) NTA

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group for FY2017, assuming that the Proposed Disposal had been effected on 30 June 2017 being the end of the most recently completed financial year of the Company, are summarised below:

	Before the Disposal	**After the Disposal**
NTA (S$'000)	7,544	7,376
Number of Shares	167,397,677	167,397,677
NTA per share (S$)	0.045	0.044

(c) EPS

The effects of the Proposed Disposal on the audited consolidated EPS of the Group for FY2017, assuming that the Proposed Disposal had been effected on 1 July 2016, being the beginning of the most recently completed financial year of the Company are summarised below:

	Before the Disposal	**After the Disposal**
Consolidated net loss (S$'000)	878	1,198

Weighted average number of shares	167,397,677	167,397,677
EPS (Singapore cents)	(0.52)	(0.72)

(d) Gearing

The effects of the Proposed Disposal on the gearing of the Group for FY2017, assuming that the Proposed Disposal had been effected on 30 June 2017, being the end of the most recently completed financial year of the Company, are summarised below:

	Before the Disposal	**After the Disposal**
Total debts (S$'000)	14,681	13,241
Total equity (S$'000)	7,544	7,376
Gearing ratio (times)	1.95	1.80

7. RATIONALE FOR THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal is in the best interest of the Company, taking into consideration the challenging operating environment faced by the Company in recent years. In FY2017, the slower economic growth in Singapore and in the region has continued to affect the higher education industry. This has resulted in a notable decline in the demand for higher education and affecting the Group's revenue and profitability to a certain extent. In addition, there have been changes in the private education industry, which include a more stringent regulatory environment. This has led the Group to expend more resources and costs in managing its compliance and governance.

The Board believes that education is a business which needs patience and commitment, where each initiative takes time to materialize and demonstrate its returns. With the increasingly challenging operating environment, the Proposed Disposal will allow the Group to reduce its escalating operating costs. The Proposed Disposal would also allow the Company an opportunity to invest in potential future new businesses and undertake new investment opportunities that may arise in the future.

8. USE OF CONSIDERATION

The Cash Consideration will be used as partial repayment for the TMC Loan, S$4,100,000 of the TMC Loan will be waived by TMC Academy and the remainder of the TMC Loan will be novated to the Purchaser on Completion Date.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

9.1 As at the date of this announcement, the interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings of the Company and the interests of substantial Shareholder(s), as extracted from the Register of Substantial Shareholders' Shareholdings of the Company, maintained pursuant to Sections 164 and 88 of the Companies Act respectively, are as follows:

	Number of Shares				**Total (%)**
	Direct Interest	**%**	**Deemed Interest**	**%**	
Directors					

Dr Chin Kon Yuen[(1)]	75,766,600	45.26	29,551,000	17.65	62.91
Yeow Cheng Khim [(1)]	29,551,000	17.65	75,766,600	45.26	62.91
Wee Liang Hiam	-	-	-	-	-
Chen Timothy Teck Leng	-	-	-	-	-
Tham Wan Loong, Jerome	-	-	-	-	-
Substantial Shareholders (other than Directors)					
Royal Inst of Construction Economists Pte Ltd	18,764,800	11.21	-	-	11.21

Notes:

(1) Dr Chin Kon Yuen and Yeow Cheng Khim are husband and wife.

9.2 Save as disclosed in Section 2.2 and Section 4 of this announcement, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10 SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11 APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will in due course appoint an independent financial adviser (the "**IFA**") to advise the independent Directors and the Audit Committee of the Company for the Proposed Disposal as an interested person transaction.

12 AUDIT COMMITTEE STATEMENT

The members of the Audit Committee do not have any interests in the Proposed Disposal and are accordingly deemed to be independent for the purposes of the Proposed Disposal.

The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

13 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the SPA, Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

14 DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 250 Middle Road Singapore 188983 for a period of three (3) months from the date of this announcement.

15 CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the Conditions Precedent set out above and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal, the SPA and other matters contemplated in this announcement.

BY ORDER OF THE BOARD

Dr Chin Kon Yuen
Executive Chairman
14 December 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).